



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
OFFICE OF THE STATE BUDGET  
LANSING

MARY A. LANNOYE  
DIRECTOR

June 20, 2006

The Honorable Shirley Johnson, Chair  
Senate Appropriations Committee  
Michigan State Senate  
State Capitol  
Lansing, Michigan 48901

The Honorable Scott Hummel, Chair  
House Appropriations Committee  
Michigan House of Representatives  
State Capitol  
Lansing, Michigan 48901

Dear Legislators:

Attached is the monthly financial report for the month ending April 30, 2006. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

[www.michigan.gov/budget](http://www.michigan.gov/budget) under "Financial Reports."

If you have questions concerning the information in this report, please contact this office.

Sincerely,

A handwritten signature in cursive script, reading "Mary A. Lannoye".

Mary A. Lannoye  
State Budget Director

Attachment

cc: List attached

cc: Governor Jennifer Granholm  
Ken Sikkema, Senate Majority Leader  
Craig DeRoche, Speaker of the House  
Bob Emerson, Senate Minority Leader  
Diane Byrum, House Minority Leader  
Senate Appropriations Committee  
House Appropriations Committee  
Nancy Cassis, Chair, Senate  
Finance Committee

Fulton Sheen, House Tax Policy Committee  
John Burchett, Executive Office  
Tim Hughes, Executive Office  
Senate Fiscal Agency  
House Fiscal Agency  
Mike Moody, Financial Management  
Nancy Duncan, Deputy Director  
State Budget Office  
Internal Office of the State Budget  
Distribution

**GENERAL FUND, GENERAL PURPOSE**  
**Fiscal Year 2006**  
**Projected Revenues and Expenditures**  
**April 30, 2006**  
(\$ in millions)

	<b>FISCAL 2006</b>
<b>Beginning Balance, October 1, 2005</b>	<b>\$ 220.5</b>
<b>Revenues, Current Law:</b>	
<b>Current Year GF/GP Revenues, January 2006 Consensus Estimate</b>	<b>\$ 8,207.8</b>
<b>Adjustments to Consensus Baseline</b>	
<b>Additional Revenue Adjustments:</b>	
Revenue Sharing Freeze (PA 196 of 2005 and January 2006 Consensus)	\$ 358.1
Suspend County Revenue Sharing (PA 356 and 357 of 2004)	\$ 192.4
Non-Use of SBT Pharmaceutical Credit	\$ 10.0
Financial Institutions Fund Revenue Deposit to GF	\$ 15.0
Interest Earnings - Tobacco Securitization (PA 226 of 2005)	\$ 10.0
Reduce Sales Tax to Comprehensive Transportation Fund; deposit to GF (PA 69 of 2006)	\$ 10.8
Agriculture Equine Industry Development Fund Revenue Deposit to GF (PA 42 of 2006)	\$ 2.0
Remonumentation Fund Revenue Deposit to GF (PA 76 of 2006)	\$ 15.0
<b>Subtotal Additional Revenue Adjustments</b>	<b>\$ 613.3</b>
<b>Anticipated Revenue Adjustments:</b>	
Land Sales (including HB 5114)	\$ 47.0
State Services Fee Fund Deposit to GF (pending legislation)	\$ 6.0
<b>Subtotal Anticipated Revenue Adjustments</b>	<b>\$ 53.0</b>
<b>Total FY Resources Available For Expenditure GF/GP</b>	<b>\$ 9,094.6</b>
<b>Expenditures, Current Law:</b>	
Enacted Post Vetoes	\$ 8,975.7
Enacted Supplemental (PA 226 of 2005)	\$ 1.0
Enacted Supplemental (PA 297 of 2005)	\$ 4.9
Enacted Supplemental (PA 153 of 2006)	\$ 22.2
<b>Total Expenditures Projected</b>	<b>\$ 9,003.8</b>
<b>Projected Ending Balance, September 30, 2006</b>	<b>\$ 90.8</b>

<sup>1</sup> Subsequent to the date of this report, the May 2006 revenue estimating conference increased general fund revenue by \$73.9 million over the January 2006 consensus estimate.

# OFFICIAL BALANCE SHEET

## SCHOOL AID FUND Fiscal Year 2006 Projected Revenues and Expenditures April 30, 2006 (\$ in millions)

	FISCAL 2006
<b>Beginning Balance, October 1, 2005</b>	<b>\$ 93.7</b>
<b>Current Year School Aid Fund Revenues, January 2006 Consensus</b>	<b>\$ 11,230.9</b>
<b>Adjustments to Consensus Baseline</b>	
FY04 Audit Receivables Adjustments	\$ 3.0
<b>Subtotal, School Aid Fund, Current Year Direct Resources</b>	<b>\$ 11,233.9</b>
School Bond Loan Revolving Fund	\$ 44.5
General Fund Subsidy	\$ 62.7
	\$ 107.2
Federal Aid	\$ 1,392.6
<b>Total Available SAF Resources</b>	<b>\$ 12,827.4</b>

<b>Expenditures</b>	
<b>Enacted Appropriations PA 155 of 2005</b>	<b>\$ 12,757.2</b>
Revised cost estimates	\$ (51.5)
Pending Supplemental Request (January 17, 2006)	\$ 41.5
<b>Adjusted Appropriations</b>	<b>\$ 12,747.2</b>

<b>Projected School Aid Fund Ending Balance September 30, 2006</b>	<b>\$ 80.2</b>
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<sup>1</sup> Subsequent to the date of this report, the May 2006 Consensus Conference revenue estimates reduced current year school aid revenues by \$32.9 million.

# SUMMARY OF EXPENDITURES AND ENCUMBRANCES GENERAL FUND GROSS

April 30, 2006  
(\$ IN MILLIONS)

## FISCAL YEAR 2004-05

## FISCAL YEAR 2005-06

April 2005	Yr-to-date 2004-05	Fiscal Yr end SEP 30, 2005	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc April 2006	Exp & Enc Yr-to-date 2005-06
6.1	53.9	93.6	Agriculture	119.2	0.0	6.4	46.8
4.7	31.8	57.4	Attorney General	63.8	0.5	4.6	33.3
25.0	164.9	291.2	Capital Outlay	228.3	0.0	2.0	7.8
1.1	7.2	12.3	Civil Rights	13.2	0.0	1.0	7.3
1.6	13.7	25.3	Civil Service	35.9	0.0	2.1	15.4
171.0	1,281.0	1,909.7	Colleges & Universities	1,868.8	0.5	161.4	1,200.4
1,032.4	5,638.3	9,808.9	Community Health	10,203.9	23.9	766.0	5,419.3
115.4	957.3	1,682.4	Corrections	1,841.3	0.0	131.2	992.5
5.5	55.5	78.8	Education	101.1	0.0	4.2	40.6
16.7	101.6	178.5	Environmental Quality	410.5	0.0	16.0	102.1
0.4	2.7	5.0	Executive Office	5.4	0.0	0.4	2.9
5.2	29.9	53.9	History, Arts & Library	53.2	0.0	3.6	26.6
315.2	2,277.6	3,929.5	Human Services	4,423.9	0.0	349.7	2,378.5
0.0	0.0	0.0	Information Technology	0.0	0.0	0.0	0.0
26.9	116.2	207.0	Judiciary	255.4	0.0	26.8	120.9
65.2	402.5	719.9	Labor & Economic Growth	862.6	51.5	81.7	415.7
9.8	72.4	131.2	Legislature	129.7	0.0	10.4	73.3
13.6	89.0	151.9	Management & Budget	169.8	9.9	10.7	92.5
7.6	60.2	102.6	Military Affairs	111.6	0.0	8.6	62.2
3.9	45.8	74.4	Natural Resources	95.8	0.0	2.8	46.5
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
16.7	124.3	215.3	State	197.4	0.0	18.7	123.0
34.4	225.3	427.4	State Police	550.8	16.6	45.2	257.9
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
196.7	1,015.2	1,528.7	Treasury	1,794.2	64.7	202.0	1,170.0
<b>\$2,075.1</b>	<b>\$12,766.3</b>	<b>\$21,684.9</b>		<b>\$23,535.9</b>	<b>\$167.5</b>	<b>\$1,855.5</b>	<b>\$12,635.5</b>

\*Includes boilerplate appropriations.

# ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2006

April, 2006

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,734.5	0.0	15,734.5
Total state spending from state resources	27,094.4	418.0	27,512.4
Percentage of state spending from state resources paid to local units	58.07%		57.19%
Required payments to local units (48.97%)	13,268.1		13,472.8
<b>Surplus/(deficit)</b>	<b>\$2,466.4</b>		<b>\$2,261.7</b>

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
OCTOBER 1, 2005 THROUGH APRIL 30, 2006  
(in thousands)

**REVENUES**

Taxes	\$ -
From federal agencies	-
Miscellaneous	<u>36</u>
Total Revenues	<u>36</u>

**EXPENDITURES**

Current:	
General government	-
Education	-
Family Independence services	-
Public safety and corrections	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues over (under)	
Expenditures	<u>36</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from Bond Issues	-
Operating transfers from:	
State Lottery Fund	-
Other funds	<u>-</u>
Total operating transfers from other funds	-
Operating transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
Excess of Revenues and Other	
Sources over (under) Expenditures	
and Other Uses	<u><u>\$ 36</u></u> <sup>1</sup>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES**  
**MICHIGAN STRATEGIC FUND**  
OCTOBER 1, 2005 THROUGH APRIL 30, 2006  
(in thousands)

**OPERATING REVENUES**

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Financing fees	1,298
Other	-
Total miscellaneous	<u>1,298</u>
Total Operating Revenues	<u>1,298</u>

**OPERATING EXPENSES**

Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	17
Total other operating expenses	<u>17</u>
Total Operating Expenses	<u>17</u>
Operating Income (Loss)	<u>1,281</u>

**NONOPERATING REVENUES (EXPENSES)**

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	-
Other nonoperating revenue	-
Total other nonoperating revenues	<u>-</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	-
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income (Loss) Before Operating Transfers	<u>1,281</u>

**OPERATING TRANSFERS**

Operating transfers from primary government	-
Operating transfers to primary government	<u>(1,051)</u>
Total Operating Transfers In (Out)	<u>(1,051)</u>
Net Income (Loss)	<u>\$ 231 <sup>1</sup></u>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.



STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**MICHIGAN NATURAL RESOURCES TRUST FUND**  
OCTOBER 1, 2005 THROUGH APRIL 30, 2006  
(in thousands)

**REVENUES**

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>34,772</u>
Total Revenues	<u>34,772</u>

**EXPENDITURES**

Current:	
General government	-
Conservation, environment, recreation, and agriculture	1,568
Capital outlay	<u>19,967</u>
Total Expenditures	<u>21,535</u>
Excess of Revenues over (under) Expenditures	<u>13,238</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues	-
Proceeds from sale of capital assets	106
Operating transfers from other funds	-
Operating transfers to other funds	<u>(10,012)</u>
Total Other Financing Sources (Uses)	<u>(9,906)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u><u>\$ 3,332</u></u> <sup>1</sup>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable,  
accounts payable, etc.

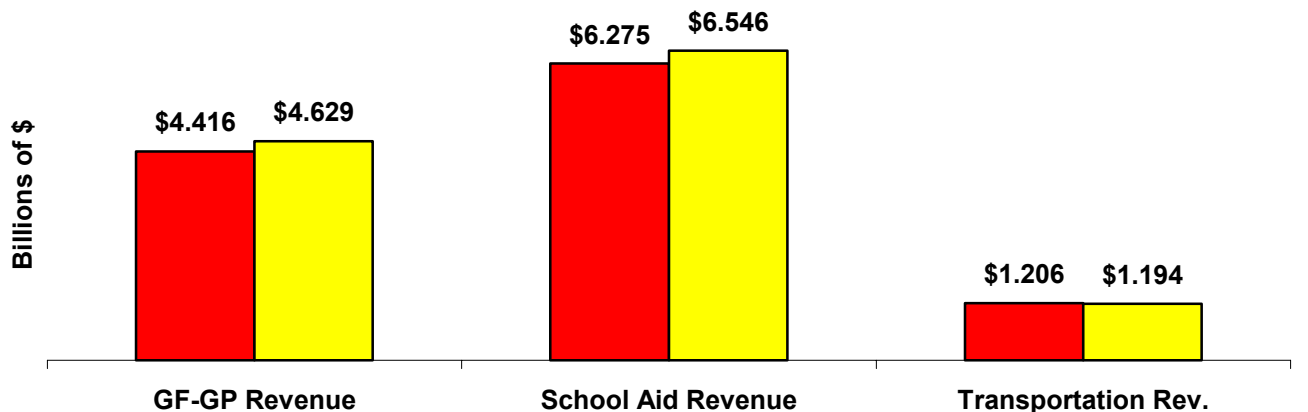
**REVENUE OVERVIEW**  
Economic and Revenue Forecasting Division  
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for April 2006, representing some March and some April economic activity in Michigan.

Total General Fund - General Purpose cash collections were \$87.2 million (11.7 percent) higher in April 2006 than in April 2005. Strong annual income tax payments contributed to the increase. April School Aid Fund cash collections were \$31.1 million (3.9 percent) higher than in April 2005. April transportation collections were \$5.8 million (3.3 percent) lower than in April 2005 (see revenue table). April is the seventh month of the state's fiscal year. Year-to-date collection totals generally provide a more accurate view of collections, since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are up \$212.5 million (4.8 percent) from a year ago. School Aid Fund cash collections are up \$270.8 million (4.3 percent), and transportation collections are down \$12.1 million (1.0 percent).

The FY 2005-2006 revenue projections presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on January 12, 2006. The Consensus estimate for net General Fund – General Purpose revenue for FY 2005-2006 is \$8,207.8 million and the net School Aid revenue forecast is \$11,230.9 million. The Transportation Funds revenue forecast is \$2,249.8 million. The revenue projections for each tax are shown after all tax adjustments. The next regularly scheduled revenue conference will be held in May 2006.

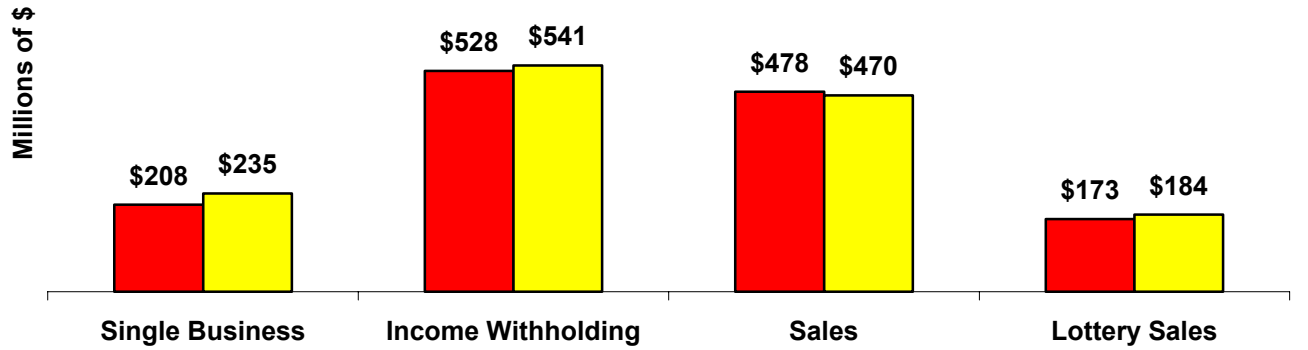
**October through April Collections  
Fiscal Years 2004-05 and 2005-06**



Economic and Revenue Forecasting Division

■ FY 2004-05 ■ FY 2005-06

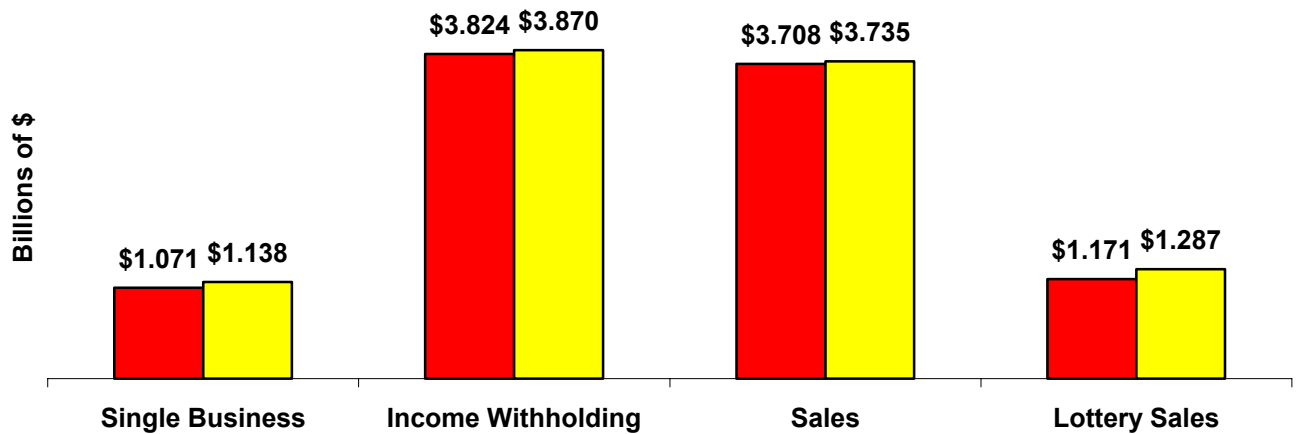
### April Revenue Collections Fiscal Years 2004-05 and 2005-06



Economic and Revenue Forecasting Division

■ FY 2004-05 ■ FY 2005-06

### October through April Collections Fiscal Years 2004-05 and 2005-06



Economic and Revenue Forecasting Division

■ FY 2004-05 ■ FY 2005-06

**Revenue Summary 2005-06**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: April 30, 2006**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH APRIL CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
April		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2004-2005	2005-2006	2005-2006
2005	2006	Amount	Percent		2004-05	2005-06	Amount	Percent	Actual Totals	Statutory Estimate	Jan 2006 Consensus
Income Taxes											
\$527,811	\$540,807	\$12,995	2.5%	Withholding	\$3,823,748	\$3,869,516	\$45,767	1.2%	\$6,427,400	\$6,607,100	\$6,556,600
91,099	101,493	10,394	11.4%	Quarterlies	332,997	390,937	57,940	17.4%	643,000	670,100	670,000
402,492	446,537	44,044	10.9%	Annuals	510,217	571,679	61,461	12.0%	648,600	624,200	640,100
1,021,402	1,088,836	67,434	6.6%	Gross Collections	4,666,963	4,832,131	165,168	3.5%	\$7,719,000	\$7,901,400	\$7,866,700
390,477	369,679	(20,798)	-5.3%	Less: Refunds	1,369,213	1,374,758	5,544	0.4%	1,610,800	1,725,000	1,696,000
0	0	0	na	State Campaign Fund	0	0	0	na	1,500	1,500	1,500
630,925	719,157	88,232	14.0%	Net Personal Income	3,297,750	3,457,374	159,624	4.8%	\$6,106,700	\$6,174,900	\$6,169,200
255,351	283,097	27,747	10.9%	Less: Disbursements to SAF	1,166,741	1,256,354	89,613	7.7%	\$1,985,600	\$2,051,000	\$2,041,400
\$375,575	\$436,060	\$60,485	16.1%	NET PERSONAL INCOME TO GF-GP	\$2,131,009	\$2,201,019	\$70,010	3.3%	\$4,121,100	\$4,123,900	\$4,127,800
Consumption Taxes											
\$5,848	\$3,711	(\$2,137)	-36.5%	Sales (a)	\$49,932	\$44,015	(\$5,917)	-11.8%	\$99,200	\$114,700	\$105,300
70,627	70,341	(285)	-0.4%	Use	515,975	521,382	5,408	1.0%	934,700	963,600	961,500
9,793	18,743	8,950	91.4%	Tobacco	66,941	132,203	65,262	97.5%	116,500	228,100	231,300
3,497	4,081	584	16.7%	Beer, Wine & Mixed Spirits	26,792	27,218	425	1.6%	51,000	52,500	52,000
2,908	2,987	80	2.7%	Liquor Specific	16,768	17,380	612	3.7%	33,600	34,000	34,000
\$92,672	\$99,863	\$7,191	7.8%	TOTAL CONSUMPTION TAXES	\$676,407	\$742,198	\$65,791	9.7%	\$1,234,900	\$1,392,900	\$1,384,100
Other Taxes											
\$208,139	\$234,827	\$26,688	12.8%	Single Business	\$1,070,926	\$1,137,622	\$66,696	6.2%	\$1,913,500	\$1,913,800	\$1,817,900
21,252	16,314	(4,938)	-23.2%	Insurance Premiums Taxes	149,103	142,648	(6,454)	-4.3%	249,500	240,000	255,000
229,391	251,141	21,750	9.5%	Sub-total SBT & Insurance	1,220,029	1,280,271	60,242	4.9%	2,163,000	2,153,800	2,072,900
2,494	137	(2,357)	-94.5%	Inheritance / Estate	20,488	461	(20,027)	-97.8%	101,500	8,000	5,000
0	0	0	na	Telephone & Telegraph	45,741	46,433	692	1.5%	99,100	81,300	83,000
3,566	5,047	1,481	41.5%	Oil & Gas Severance	36,939	56,986	20,047	54.3%	66,700	60,000	84,000
7,458	3,709	(3,750)	-50.3%	Casino Wagering	24,740	26,227	1,487	6.0%	42,200	43,100	43,200
9,169	11,530	2,360	25.7%	Penalties & Interest	68,167	86,859	18,691	27.4%	142,500	108,000	145,700
2	(0)	(2)	na	Miscellaneous Other/Railroad	142	129	(14)	-9.6%	1,200	0	0
(6,667)	(7,667)	(1,000)	15.0%	Treasury Enforcement Programs	(46,667)	(50,667)	(4,000)	8.6%	(91,200)	(80,000)	(92,000)
\$245,414	\$263,896	\$18,482	7.5%	TOTAL OTHER TAXES	\$1,369,579	\$1,446,697	\$77,118	5.6%	\$2,525,000	\$2,374,200	\$2,341,800
\$713,661	\$799,820	\$86,159	12.1%	SUBTOTAL GF-GP TAXES	\$4,176,995	\$4,389,914	\$212,919	5.1%	\$7,881,000	\$7,891,000	\$7,853,700

continued

**Revenue Summary 2005-06**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: April 30, 2006**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH APRIL CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
April		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2004-2005	2005-2006	2005-2006
2005	2006	Amount	Percent		2004-05	2005-06	Amount	Percent	Actual	Statutory	Jan 2006
Totals											
Consensus											
Non-Tax Revenue(h)											
\$2,917	\$2,917	\$0	0.0%	Federal Aid	\$20,417	\$20,417	\$0	0.0%	\$35,700	\$35,000	\$35,000
167	167	0	0.0%	Local Agencies	1,167	1,167	0	0.0%	300	2,000	2,000
1,500	1,500	0	0.0%	Services	10,500	10,500	0	0.0%	19,800	18,000	18,000
4,500	2,833	(1,667)	-37.0%	Licenses & Permits	31,500	24,833	(6,667)	-21.2%	27,400	54,000	34,000
(4,884)	(4,099)	785	-16.1%	Investments/Interest Costs	(6,079)	(4,312)	1,766	-29.1%	(54,400)	(85,000)	(70,000)
9,433	12,050	2,617	27.7%	Misc. Non-tax Revenue	66,033	79,325	13,292	20.1%	135,100	124,500	144,600
11,333	11,667	333	2.9%	Liquor Purchase Revolving Fund	79,333	80,167	833	1.1%	142,200	134,000	140,000
5,192	4,208	(983)	-18.9%	From Other Funds-Lottery & Escheats	36,342	26,658	(9,683)	-26.6%	111,700	39,300	50,500
\$30,158	\$31,243	\$1,085	3.6%	TOTAL NON-TAX REVENUE	\$239,213	\$238,754	(\$459)	-0.2%	\$417,800	\$321,800	\$354,100
\$743,818	\$831,062	\$87,244	11.7%	TOTAL GF-GP REVENUE	\$4,416,208	\$4,628,669	\$212,461	4.8%	\$8,298,900	\$8,212,900	\$8,207,800
School Aid Fund											
\$195,235	\$176,395	(\$18,840)	-9.7%	Sales Tax 4%	\$1,512,539	\$1,527,271	\$14,732	1.0%	2,690,000	2,814,800	2,774,900
152,591	175,787	23,196	15.2%	Sales Tax 2%	1,187,288	1,190,023	2,735	0.2%	2,115,700	2,213,600	2,174,900
35,313	35,171	(143)	-0.4%	Use Tax 2%	257,987	260,691	2,704	1.0%	467,600	481,800	480,800
22,495	20,277	(2,219)	-9.9%	State Education Property Tax	1,207,722	1,327,851	120,129	9.9%	1,914,500	1,956,900	2,010,000
18,834	27,183	8,349	44.3%	Real Estate Transfer Tax	175,798	185,003	9,206	5.2%	313,500	316,000	310,000
55,000	60,000	5,000	9.1%	Lottery Transfer (d)	319,883	365,579	45,697	14.3%	667,600	654,300	685,000
17,261	8,583	(8,678)	-50.3%	Casino Wagering Tax	57,255	60,696	3,442	6.0%	97,600	99,700	100,000
2,864	2,974	110	3.8%	Liquor Excise Tax	16,553	17,228	675	4.1%	33,100	34,000	34,000
39,269	38,050	(1,218)	-3.1%	Cigarette/Tobacco Tax	268,425	268,392	(33)	0.0%	472,700	463,100	469,800
8,233	6,010	(2,223)	-27.0%	Indus. & Comm. Facilities Taxes	100,673	80,412	(20,261)	-20.1%	138,200	133,000	136,000
381	438	57	14.9%	Specific Other	3,859	6,036	2,177	56.4%	13,600	14,800	14,100
255,351	283,097	27,747	10.9%	Income Tax Earmarking	1,166,741	1,256,354	89,613	7.7%	\$1,985,600	\$2,051,000	\$2,041,400
\$802,825	\$833,964	\$31,139	3.9%	TOTAL SCHOOL AID FUND	\$6,274,721	\$6,545,536	\$270,815	4.3%	\$10,909,700	\$11,233,100	\$11,230,900
\$477,982	\$469,778	(\$8,204)	-1.7%	SALES TAX 6%	\$3,708,186	\$3,735,474	\$27,288	0.7%	\$6,599,100	\$6,905,000	\$6,799,800
325,391	293,991	(31,400)	-9.7%	SALES TAX 4%(d)	2,520,898	2,545,452	24,553	1.0%	4,483,400	4,691,400	4,624,900
152,591	175,787	23,196	15.2%	SALES TAX 2%	1,187,288	1,190,023	2,735	0.2%	2,115,700	2,213,600	2,174,900
105,940	105,512	(428)	-0.4%	USE TAX 6%	773,962	782,073	8,111	1.0%	1,402,300	1,445,500	1,442,300
25,784	12,821	(12,963)	-50.3%	CASINO WAGERING TAX	85,528	90,670	5,141	6.0%	145,800	149,000	149,400
96,959	94,184	(2,776)	-2.9%	TOBACCO TAXES	662,777	664,336	1,558	0.2%	1,179,900	1,145,500	1,161,500
274,321	251,500	(22,821)	-8.3%	TOBACCO SETTLEMENT	274,327	254,616	(19,711)	na	na	na	na
(0)	0	0	na	CIGARETTE INVENTORY TAX	(298)	0	298	na	na	na	na

continued

**Revenue Summary 2005-06**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: April 30, 2006**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH APRIL CASH COLLECTIONS DATA					REVENUE PROJECTIONS			
April		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2004-2005	2005-2006	2005-2006	
2005	2006	Amount	Percent		2004-05	2005-06	Amount	Percent	Actual	Statutory	Jan 2006	
Totals											Estimate	Consensus
Major Transportation Revenues												
\$10,647	\$11,154	\$507	4.8%	Diesel Fuel / Motor Carrier Fuel Tax (g)	\$85,423	\$87,518	\$2,095	2.5%	\$146,308	\$151,100	\$153,000	
76,044	73,835	(2,208)	-2.9%	Gasoline	529,541	516,549	(12,993)	-2.5%	922,368	942,000	927,700	
76,426	71,900	(4,525)	-5.9%	Motor Vehicle Registration	520,149	519,909	(240)	0.0%	863,367	891,300	899,000	
6,265	5,682	(583)	-9.3%	Other Taxes, Fees & Misc.	37,963	27,960	(10,002)	-26.3%	221,060	190,013	201,484	
4,712	5,719	1,007	21.4%	Comprehensive Transportation (c)	32,985	42,074	9,089	27.6%	62,749	76,793	68,628	
\$174,093	\$168,290	(\$5,803)	-3.3%	TOTAL MAJOR TRANS. REVENUES	\$1,206,061	\$1,194,010	(\$12,051)	-1.0%	\$2,215,852	\$2,251,205	\$2,249,811	
Lottery Sales By Games (b)												
51,424	55,424	4,001	7.8%	Instant Games	376,592	414,165	37,573	10.0%	na	na	na	
54,602	54,821	219	0.4%	Daily Games	406,849	397,659	(9,190)	-2.3%	na	na	na	
35,433	35,484	50	0.1%	Lotto and Big Game	170,399	200,648	30,249	17.8%	na	na	na	
1,032	1,136	105	10.2%	Keno Game	7,470	8,224	754	10.1%	na	na	na	
0	0	0	na	Changeplay Game	0	0	0	na	na	na	na	
30,874	37,082	6,208	20.1%	Club Games	210,066	266,753	56,687	27.0%	na	na	na	
\$173,365	\$183,948	\$10,583	6.1%	TOTAL LOTTERY SALES	\$1,171,376	\$1,287,449	\$116,074	9.9%	na	na	na	

a GF-GP Sales has been estimated based on CTF and Health Initiative shares.

b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.

c The CTF distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).

d 2% collections adjusted to reflect exemption on residential utilities.

e Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

f Non-tax revenue estimates other than interest are estimates.

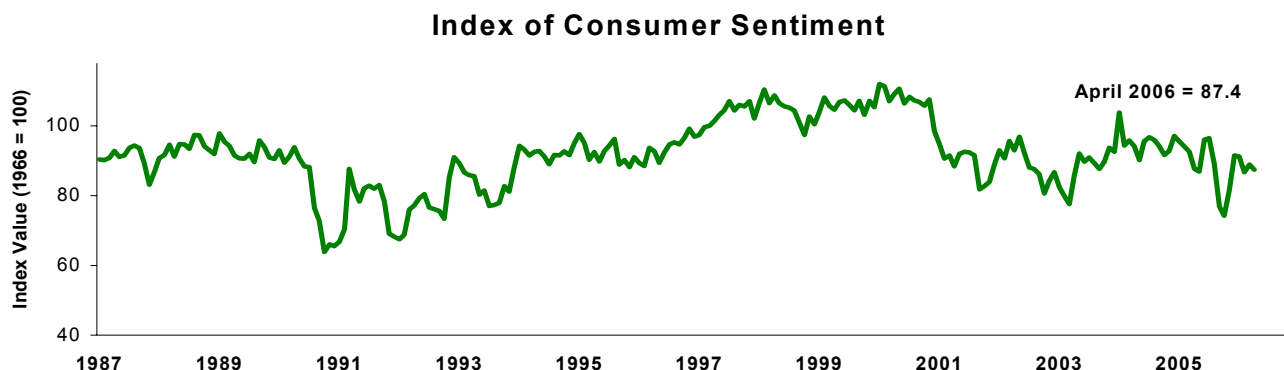
g Starting in January 2005 totals include revenue from the Motor Carrier Fuel Tax. Prior year totals have been adjusted to also include the Motor Carrier Fuel Tax.

Source: Michigan Department of Treasury, Economic and Revenue Forecasting Division, based on reports from the Office of Financial Management, Michigan Department of Management and Budget, and other reports from the Michigan Department of Treasury.

## Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

### U. S. Economy



Source: University of Michigan, Survey Research Center

The **Index of Consumer Sentiment** was 87.4 in April, 1.5 index-points below the March value and 0.3 index-points below April 2005. On rising gasoline prices, Survey director Richard Curtin reported, “The April 2006 survey recorded widespread references to higher gas prices, but when consumers were asked to evaluate their personal financial situation, significantly fewer consumers than six months ago, when gas prices were at comparable levels, complained that rising gas prices had made their financial situation worse. These complaints were muted in the April survey by more frequent references to income and employment gains.” Curtin noted for interest rate expectations, “The one expectation that has not changed in two years is that interest rates are anticipated to continue to increase during the year ahead. Importantly, consumers gave no indication that they think the Fed is finished raising interest rates. This expectation has played a central role in how consumers have judged overall prospects for the economy.” On the economic expansion, Curtin observed, “The continuation of the current expansion despite three dollar gas is clearly possible, and still the most likely outcome. Given the economic and geopolitical uncertainties, it is far from certain.” In April, consumers in two of the four regions reported an increase in confidence. Midwestern consumers reported an increase in confidence of 3.9 index-points, while Northeastern consumers reported an increase in confidence of 1.1 index-points. Western consumers reported the largest decrease in confidence of 8.6 index-points. The gap across regions decreased from last month to 5.1 index-points, with Midwestern consumers on top and Northeastern consumers on the bottom.

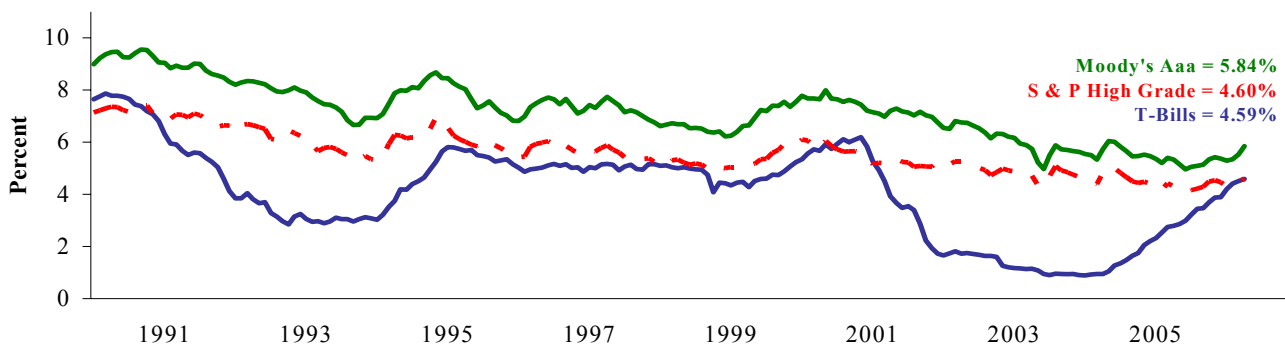
The advance estimate of real **Gross Domestic Product** for the first quarter of 2006 is \$11,381.4 billion (chained 2000 dollars), an increase of 4.8 percent at an annual rate. In the fourth quarter of 2005, real gross domestic product increased 1.7 percent. Personal consumption expenditures, equipment and software, exports and federal government spending led first quarter growth. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 5.5 percent in the first quarter compared to an increase of 0.9 percent in the fourth quarter. Real residential fixed investment increased 2.6 percent in the first quarter compared to an increase of 2.8 percent in the fourth quarter. Real nonresidential fixed investment increased 14.3 percent in the first quarter led by increased investment in equipment and software of 16.4 percent. Real federal government expenditures increased 10.8 percent in the first quarter, compared to a decrease of 2.6 percent in the fourth quarter. Real state and local government spending was unchanged in the first quarter,

compared to a 0.2 percent increase in the fourth quarter. Exports of goods and services increased 12.1 percent in the first quarter, compared to a 5.1 percent increase in the fourth quarter. Imports increased 13.0 percent in the first quarter compared to an increase of 12.1 percent in the fourth quarter. Private inventory investment increased \$21.9 billion in the first quarter, down from a \$37.9 billion increase in the fourth quarter. Real final sales increased 5.4 percent in the first quarter compared to a 0.2 percent decrease in the fourth quarter. On the inflation front, the **implicit price deflator** increased at a 3.3 percent annual rate in the first quarter compared to the 3.5 percent increase observed in the fourth quarter.

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), increased 0.6 percent in April, up from a 0.4 percent increase in March. Energy increased significantly by 3.9 percent in April; compared to a 1.3 percent increase in March, while the all-items less food and energy component increased 0.3 percent. For the six months since October, the all-items index increased at a 1.9 percent annual rate.

Compared to April 2005, the all-items index increased 3.5 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 1.8 percent; housing, 3.8 percent; medical care, 4.1 percent; recreation, 1.7 percent; education and communication, 2.6 percent; and other goods and services, 2.7 percent, with tobacco prices up 4.2 percent; transportation 6.3 percent, with gasoline prices up 21.5 percent. The unadjusted decreases from one year ago were: apparel, 0.2 percent.

### Selected Key Interest Rates



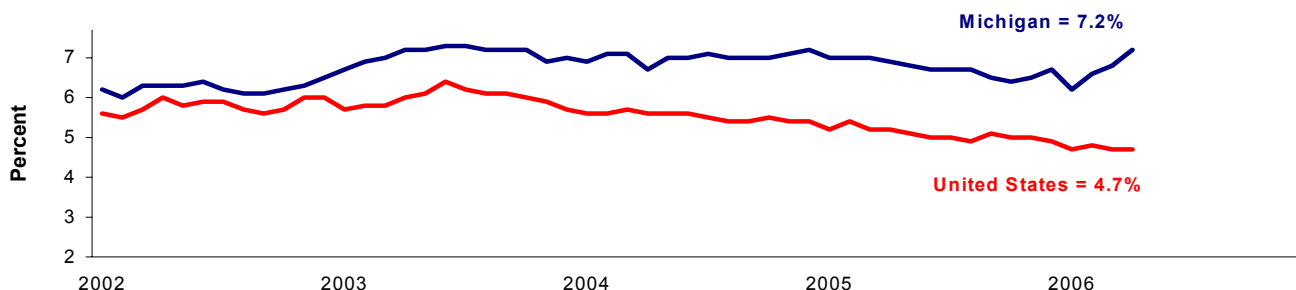
Source: Economic Indicators

Short-term **interest rates** increased 0.08 percentage points in April as the 3-month Treasury bill (T-bill) rate averaged 4.59 percent. Compared to one year ago, the T-bill rate is up 1.80 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, increased 0.31 percentage points to an interest yield of 5.84 percent in April. Compared to one year ago, the Aaa bond yield is up 0.51 percentage points. The interest rate on High-grade municipal bonds increased 0.16 percentage points to 4.60 percent in April, and stands 0.29 percentage points above its year ago level. The Federal Open Market Committee (FOMC) raised the federal funds rate by 25 basis points at its May 10<sup>th</sup> meeting to 5.00 percent. The FOMC stated that, "As yet, the run-up in the prices of energy and other commodities appears to have had only a modest effect on core inflation, ongoing productivity gains have helped to hold the growth of unit labor costs in check and inflation expectations remained contained." The FOMC judges that, "some further policy firming may yet be needed to address inflation risks but emphasizes that the extent and timing of any such firming will depend importantly on the evolution of the economic outlook as implied by incoming information." The committee "will respond to changes in economic prospects as needed to support the attainment of its objectives."



In April, the **U. S. unemployment rate** remained unchanged from a month ago at 4.7 percent and was down 0.5 percentage points from one year ago. Civilian employment totaled 143.7 million persons in April, up 0.1 million from March. The number of unemployed was 7.1 million nationwide.

### Unemployment Rates 2002 - 2006



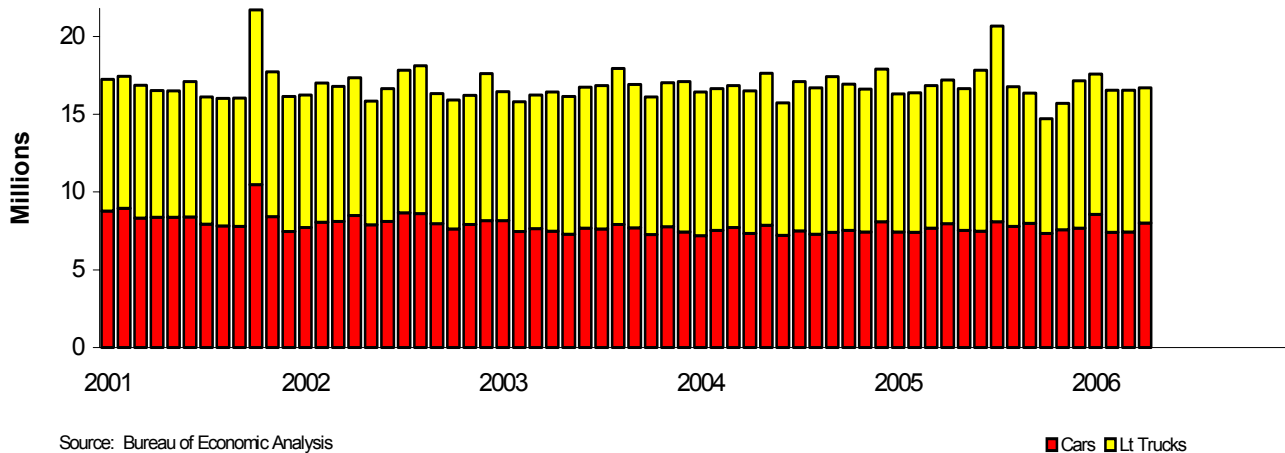
Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In April, the **Michigan jobless rate** increased 0.4 percentage points to 7.2 percent. Compared to a year ago, Michigan's jobless rate was 0.3 percentage points higher. From a month ago, the labor force increased by 27,000 to 5,158,000, while the number of people employed increased by 6,000 to 4,788,000. In April, there were 369,000 unemployed people. Monthly unemployment rates fluctuate due to statistical sampling errors. Therefore, the three-month average of 6.9 percent may be a better measure of actual conditions.

**Detroit retail prices**, as measured by the Consumer Price Index (CPI-U), increased 1.2 percent from February to April, the same as from December to February. The all-items less food and energy index increased 0.7 percent from February to April. The food index decreased 0.9 percent from February to April while the energy index increased 8.9 percent. Compared to April 2005, the all-items index increased 3.9 percent. For individual component items, the increases from one year ago were: food and beverages, 0.1 percent; housing, 4.8 percent; transportation, 8.5 percent; medical care, 4.3 percent; education and communication 3.1 percent; other goods and services, 2.0 percent; the unadjusted decreases were: apparel, 3.0 percent.

## Motor Vehicle Sector

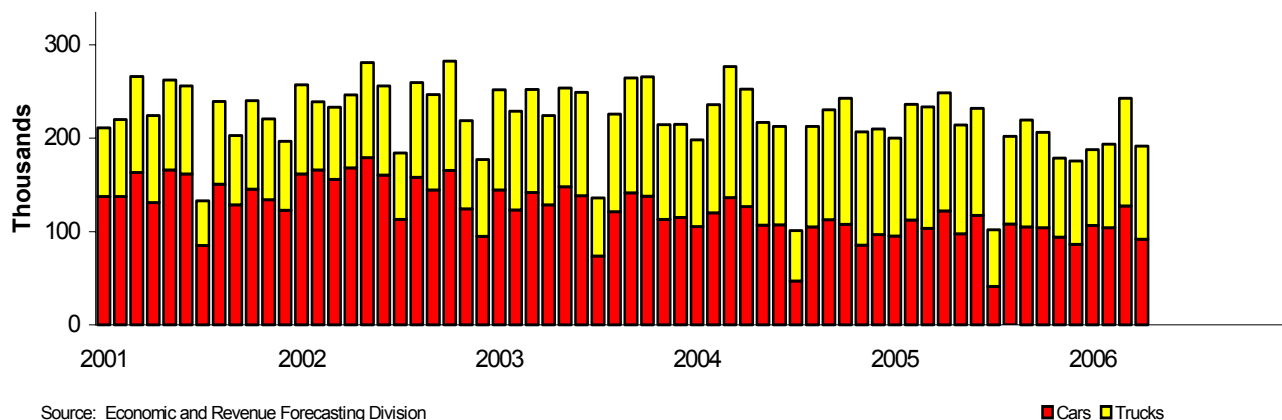
### U. S. Light Vehicle Sales



**U. S. light vehicle sales** (cars + light trucks) increased 0.2 million units in April compared to last month, selling at a 16.7 million unit seasonally adjusted annual rate. Domestic car sales increased 6.4 percent while domestic light truck sales decreased 6.6 percent. Import car sales increased 11.7 percent while import light truck sales increased 5.3 percent. Compared to last year, light vehicle sales decreased 2.3 percent. Domestic car sales were down 0.9 percent while domestic light truck sales decreased 9.2 percent. Import car sales were up 4.6 percent while import truck sales rose 14.5 percent from last year. As a result, the domestic share decreased 2.9 percentage points from a year ago. For fiscal year 2006 year-to-date, domestic light vehicles have recorded a 79.2 percent share of a 16.4 million-unit market.

**Michigan motor vehicle production** decreased to 191,412 units in April. From a year ago, motor vehicle production decreased 23 percent in Michigan and fell 13 percent nationally. In April, Michigan's car production was 91,662 units while the state's truck production was 99,750 units. Compared with a year ago, car production increased 25 percent in Michigan and decreased 7 percent nationwide. The state's truck production decreased 21 percent while national truck production fell 16 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

### Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit  
Based on the January 12, 2006 Consensus Revenue Agreement  
(Article IX, Section 26)  
(in millions)**

	<b>Fiscal Year 2003-2004 Actual</b>	<b>Fiscal Year 2004-2005 Estimate</b>	<b>Fiscal Year 2005-2006 Estimate</b>
Applicable Calendar Year Personal Income	\$303,745	\$314,460	\$324,134
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$28,825.4	\$29,842.3	\$30,760.3
Revenue Limit	\$28,825.4	\$29,842.3	\$30,760.3
State Revenue Subject to Limit	\$24,384.7	\$24,949.8	\$25,294.5
<b>Amount Under (Over) Limit</b>	<b>\$4,440.7</b>	<b>\$4,892.4</b>	<b>\$5,465.8</b>

Sources:

Personal Income Estimate

The FY 2003-04 calculation uses the official personal income estimate for calendar year 2002 (Survey of Current Business, August 2003).

The FY 2004-05 calculation uses the official personal income estimate for calendar year 2003 (Survey of Current Business, September 2004).

The FY 2005-06 calculation uses the official personal income estimate for calendar year 2004 (Survey of Current Business, October 2005).

Revenue Subject to the Limit

The FY 2003-04 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2004.

The FY 2004-05 calculation uses the January 12, 2006 Consensus Revenue Agreement.

The FY 2005-06 calculation uses the January 12, 2006 Consensus Revenue Agreement.

Prepared By: Economic and Revenue Forecasting Division, Michigan Department of Treasury